

FISCAL NOTE

HB 2550 - SB 2728

March 17, 2004

SUMMARY OF BILL: Removes building construction and contractors from the prevailing wage act on projects in excess of \$50,000.

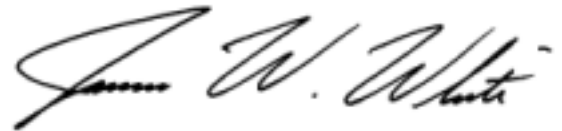
ESTIMATED FISCAL IMPACT:

Decrease State Expenditures - \$2,280,000

Estimate assumes that the annual construction cost to the state for the next year is \$200,000,000 and that 40% of that cost, or \$80,000,000 is labor. The Department of Finance and Administration estimates that labor costs will fall 3% as a result of this bill. Therefore, the potential savings to the state is $\$80,000,000 \times 3\% = \$2,400,000$. However, if federal funds are involved in a project, contractors would still be required to pay the prevailing wage. Assuming that 5% of state construction contracts involve federal funds, the actual projected decline in state expenditures is $\$2,400,000 \times 95\% = \$2,280,000$.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

HB 2550 - SB 2728